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ERCB

Energy Resources Conservation Board
640 Fifth Avenue SW
Calgary, Alberta
Canada T2P 3G4

Informational Letter

IL 91-7

To: All Southeastern Alberta Shallow Gas Operators

12 September 1991

REVISED MEASUREMENT AND ACCOUNTING PROCEDURES FOR SOUTHEASTERN ALBERTA SHALLOW GAS WELLS

Informational Letter IL-OG 75-13, issued in August 1975, recognized the unique nature of the gas and water production from the Medicine Hat, Milk River, and Second White Specks shallow gas pools in Southeastern Alberta. It outlined the criteria and requirements under which the Board would approve a gas well proration battery. In addition, it provided for waiver of the requirements of section 14.170 of the Oil and Gas Conservation Regulations, which requires all free water production to be measured and reported.

The ERCB recognizes that conditions affecting the production of these wells have changed significantly since IL-OG 75-13 was issued. To address the changes the Board is issuing this new informational letter to replace the current one. The key revisions are

- expansion of the definition of gas wells which qualify for inclusion in a gas well proration battery,
- provision for reduced deliverability test frequencies, and
- revision of the requirements for continuing the waiver on reporting water production.

Qualified Wells

Gas wells which produce from the Medicine Hat, Milk River, or Second White Specks pools or which have commingled production from any two or more of these pools and are located in fields and areas specified in Schedule I of Board Order No. MU 804, as amended, are qualified to be included in a gas well proration battery. Commingling of production without segregation in the wellbore must be approved by the ERCB Gas Department.

Measurement of Group Production and Control Wells

The total gas production of the proration battery must be accurately and continuously measured and must not be obtained by the difference between two or more meters unless written approval is obtained from the Board.

The gas production from each zone of a production control well named in Schedule II of Board Order No. MU 804, as amended, must be accurately and continuously measured.

Size of a Gas Well Proration Battery

A gas well proration battery should encompass an area not larger than 9 sections, which is approximately square, having regard for lease holdings, land conservation, and natural topographic features of the area.

Testing Requirements

The individual well deliverability test frequency may be reduced to not less than once per calendar year provided the following requirements are met. If these requirements cannot be satisfied, each of the individual wells within the battery must continue to be tested once per month.

- The test must be of sufficient duration to clearly establish a stabilized flow rate.
- The test must be representative of the well's capability under normal operating conditions.
- Testing programs must be designed and implemented in a manner which ensures that all wells are treated equitably within their respective batteries. In particular, the Board would expect an operator to test a well as soon as practical after being tied in and at least monthly until the production rate has stabilized.

Gas Reporting Requirements

The gas well production must be determined and reported as outlined in ERCB Guide G-7, Production Accounting Handbook, Chapter S-1, Section 110 — Method 6, and Appendix 3. Gas vented during well blowdowns must be accurately estimated and included with the prorated production of each well.

Water Reporting Requirements

The Board will continue to waive the reporting of water production on the S-1 and S-2 reports as most of these gas wells continue to produce less than 2 cubic metres of formation water and water of condensation per 100 000 cubic metres of gas. However, the Board wishes to emphasize its concern regarding the potential for environmental damage which can result from using earthen pits or the well-site surface for water disposal and is currently reviewing this practice. In the interim, if an operator's current disposal practices are having a negative impact on the soil and/or the vegetation around the well, the water must then be contained in a proper storage tank and be disposed in an approved water disposal well.

If an operator is currently using an earthen pit or the well-site surface for water disposal, a water production rate test must be completed annually and a permanent record of the following information retained on file and made available to the Board's staff upon request:

(a) the location of all surface pits and well-site surfaces utilized for disposal,

(b) a record of the volume of water produced into each pit or onto each well-site surface,

(c) the date of the annual well water production rate test and an analysis of the produced water which must contain these parameters: TDS, pH, specific conductivity, boron, and major ions (Ca, Mg, Na, K, Cl, SO_4, HCO_3, CO_3, OH),

(d) the measured test gas and water production, and

(e) the water-gas ratio.

Under no circumstances may the volume of water disposed to an earthen pit or onto a well-site surface exceed the 15 cubic metres per month limitation as specified in section 8.040(4) of the Oil and Gas Conservation Regulations.

Any questions concerning this letter may be directed to the Drilling and Production Department at 297-8321.

R G Evans

R. G. Evans
Board Member

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ERCB

Energy Resources Conservation Board
640 Fifth Avenue SW
Calgary, Alberta
Canada T2P 3G4

Informational Letter

IL 91-8

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JUL 11 1991

MATERIALS REQUIREMENTS FOR SOUR SERVICE

5 July 1991

Background

There have been a number of significant changes in recently published Canadian Standards Association (CSA) pipeline standards with respect to requirements for sour service.

The Board has adopted the CSA Standards CAN/CSA Z183 "Oil Pipeline Systems" and CAN/CSA Z184 "Gas Pipeline Systems" in the Pipeline Regulation. Therefore the requirements of these standards are the legal requirements for pipelines in Alberta.

The Board's Pipeline Department has recently had a number of enquiries with respect to requirements pertaining to materials for sour service, which lead it to believe that a clarification is necessary. There is also some evidence of confusion between the definition of sour service used in the Standards and the Board's use of concentrations of 10 mol/kmol of H_2S in natural gas. This document is intended to clarify the Board's requirements in this regard, and is not intended as a consolidation of the CSA Standards. Not all of the sour service design and construction considerations are dealt with; the appropriate CSA Standard should be consulted.

Definitions

From a materials standpoint the definitions of sour service are those contained in the appropriate CSA Pipeline Standard:

1. For Gas Pipelines CSA Z184.M86 Clause 4.4.1 states: "Sour service for the purposes of Clauses 4 to 6 inclusive means service in which the hydrogen sulphide partial pressure exceeds 0.35 kPa."

2. For Liquids Pipelines CSA Z183.M90 Clause 4.4.1 states: "Sour service, for the purposes of Clauses 4 and 6, means service in which the combination of hydrogen sulphide in the gas phase is in accordance with either of the following (see figure 4.1)

   a) the system pressure is below 1400 kPa and the hydrogen sulphide content in the gas phase is above 50 mol/kmol; or

   b) the system is at or above 1400 kPa and the partial pressure of the hydrogen sulphide in the gas phase is greater than 70 kPa."

Materials Requirements

1. Gas Pipelines

CSA Z184.M86 has the following requirement, among others:
Clause 4.4.2.2
Materials used in sour service shall comply with the sour service requirements of the applicable CSA Z245 Standard. Where no CSA standard exists, the material requirements of NACE Standard MR-01-75 shall apply.

2. Liquids Pipelines

CSA Z183.M90 has a similar requirement:
Clause 4.4.2.2
Metallic materials shall conform to the sour service requirements of the applicable CSA Z245 Standard, except that where no applicable CSA standard exists, the material requirements of NACE Standard MR-01-75 shall apply, provided that low alloy steels as defined in NACE Standard MR-01-75 are tempered at 620°C minimum subsequent to normalizing or austenitizing.

Interpretation

The key phrase in both the clauses quoted above is "where no CSA Standard exists".
CSA Standards exist for steel line pipe (Z245.1), fittings (Z245.11), flanges (Z245.12), and valves (Z245.15). Therefore, the sour service requirements of these standards must apply to all pipelines designed and constructed according to the requirements of CSA Z183 and CSA Z184.

Alternative Materials

Clauses 4.2 and 4.3 in Z183 and Z184 allow the use of alternatives to CSA materials under certain conditions. Clause 4.4.2.2 (quoted above), however, dictates that these acceptable alternatives must meet the requirements for sour service of the appropriate CSA Standard.

Example

An API 6D valve is listed as an alternatively acceptable valve in Table 4.4 of Z183, subject to a condition regarding impact testing. If the valve is to be used in sour service it must also meet the sour service requirements of Z245.15, according to clause 4.4.2.2.

These sour service requirements are listed in Clause 13 of Z245.15, and the materials, heat treatment, and hardness requirements are those of NACE MR-01-75 (see Clauses 13.2, 13.3, and 13.4 of Z245.15). In addition to the NACE requirements, macrohardness and microhardness traverses are required on the welding procedure qualification weld (13.5.3 and 13.5.4) if the valve is of welded construction.

If the API 6D valve meets these requirements it is acceptable for sour service in Alberta.

Availability of Components

The Board recognizes that pipeline components manufactured to the applicable CSA Z245 standard may not be readily available. However, the Board must be satisfied that the components meet the required standard. It will therefore require in an application for a pipeline in CSA-defined sour service a statement to the effect that all flanges, fittings, and valves meet the CSA requirements for sour service, and may ask for documentation to support the statement.

Availability of Steel Line Pipe

A number of pipe mills in Alberta have the capability to produce Z245.1 sour service pipe, so it should be readily available. Use of alternative acceptable pipe standards listed in Z183 or Z184 will be allowed provided that the pipe meets Z245.1 sour service requirements. These requirements are listed in Clause 16 of Z245.1.M90 and include limitations on macrohardness and microhardness and requirements for a root guided-bend test on ERW pipe.

High-concentration Sour Gas Pipelines

For gas pipelines in which the concentration of hydrogen sulphide reaches or exceeds 10 mol/kmol, the Board has further requirements which are not related to materials considerations but are aimed at reducing the risks associated with high-concentration sour gas pipelines. These requirements are in the Pipeline Regulation and include:

- additional information requirements in an application for a permit (section 2(2))
- stress level limitations (section 13)
- minimum test pressure (section 41(4))
- emergency procedures manual (section 50)
- internal corrosion inspection (section 53)

The Board maintains a separate category in its database for the 10 mol/kmol sour gas pipelines. Pipelines carrying lesser concentrations of H_2S are included in the natural-gas category. The requirements for separation distances between 10 mol/kmol sour gas pipelines and population concentrations are prescribed in the Board's Interim Directive ID 81-3.

R G Evans

R. G. Evans
Board Member

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ERCB

Energy Resources Conservation Board

640 Fifth Avenue SW
Calgary, Alberta
Canada T2P 3G4

Informational Letter

IL 91-9

TO: ALL OIL, GAS, AND OIL SANDS OPERATORS 17 July 1991

EXEMPTION FROM GAS MEASUREMENT CRUDE OIL/BITUMEN WELLS

Under sections 14.040 and 15.140(3) of the Oil and Gas Conservation Regulations, the Energy Resources Conservation Board currently requires applications from operators seeking exemption from the measurement of gas produced from a crude oil or crude bitumen well. Such exemptions are frequently requested and approved where gas production rates are sufficiently low to make measurement difficult by conventional orifice measurement devices. This is typical in heavy oil operations but also frequently occurs in conventional oil production areas.

Accurate gas production data and the associated gas-oil ratio (GOR) are of significant reservoir engineering importance as diagnostic tools for monitoring and implementing reservoir depletion strategies. Exemption from continuous measurement recognizes the operational difficulties in obtaining low-rate gas measurements using conventional devices, but is not intended to downplay the importance of obtaining representative GOR data.

The Board has decided to discontinue the requirement for these applications for those situations where the exemption criteria as described within this informational letter are met, with the intent of reducing the administrative workload of both Industry and the Board.

Although the requirement for application has been removed, the Board's expectations regarding gas measurement remain essentially the same. Eligibility criteria for exemption from gas measurement, and the Board's expectations of the respective operators, are described in the remainder of this informational letter.

Conventional Oil Production

Crude oil wells, batteries, or groups of wells are exempt from gas measurement when the volume of gas produced through the meter is less than 500 cubic metres per day (m^3/d). This applies to test gas measurement at multi-well batteries, group gas measurement, and single-well oil batteries. Some latitude to this limit exists where gas volumes marginally exceed the 500-m^3/d level, particularly in multi-well facilities at which most but not all wells qualify for test gas measurement exemption. Exemption would be considered appropriate where the remaining wells are marginally above 500 m^3/d and the number of these wells represents a small proportion of the total wells producing to the facility.

Note that the 500-m^3/d criterion represents an increase from the 300-m^3/d limit previously administered by the Board. This limit was increased to achieve some degree of consistency between conventional and heavy oil criteria.

For conventional oil production, an initial representative 24-hour production test is required to establish eligibility for exemption and determination of the appropriate GOR to be used for production reporting purposes. Annual 24-hour tests are required to determine continuing exemption eligibility and to update the GOR value.

Heavy Oil Production

For the purpose of this informational letter and to be consistent with ERCB Interim Directive ID 91-3, heavy oil is defined as any liquid hydrocarbon with a density of 920 kilograms per cubic metre (kg/m^3) or greater (22°API or less) at standard conditions. With respect to gas measurement requirements, heavy oil is administered differently inside the designated Oil Sands Areas as compared to outside.

1. Within Designated Oil Sands Areas

Within the designated Oil Sands Areas, gas produced in association with heavy oil or crude bitumen may be estimated at the point of collection or emission as follows:

a) For single-well batteries, an initial representative 24-hour GOR test is required within 6 months of the on-production date. The resulting GOR must be updated annually if greater than 100 m^3/m^3, and every 3 years if less than 100 m^3/m^3.

b) Where associated gas from a number of wells is flow lined to a central point and the total gas rate at the point of collection or emission is less than 2000 m^3/d, gas production may be estimated on the basis of a group or battery GOR, updated annually. Note that in accordance with the Alberta Recommended Practices for Heavy Oil and Oil Sands Operations, gas production estimated in this way need not be allocated back to individual wells. Whereas the Alberta Recommended Practices indicated it would be appropriate to report the gas production as a delivery to and from the same facility on the S-2 Report, certain data dissemination problems are now apparent with this process. Gas reported without allocation back to individual wells is now to be reported to a pseudo-well identifier and listed on the S-1 Report. The location for the pseudo-well identifier should be obtained through the Board's Drilling and Production Department at 297-7232. Where total gas rates exceed 2000 m^3/d, the gas must be continuously measured. Again, allocation back to individual wells is not necessary.

2. Outside Designated Oil Sands Areas

Outside the designated Oil Sands Areas, heavy crude oil wells, batteries, or groups of wells are exempt from gas measurement under the following criteria:

Gas Rate (m^3/d)	GOR Test Frequency
less than 500	annually
501 to 1000	semi-annually
1001 to 2000	monthly
greater than 2000	continuous measurement

Expectations of Operators

In the absence of the requirements for application, surveillance of gas measurement and exemption eligibility will be conducted through routine ERCB field facility inspections, detailed inspections, production audits, and proration well test verifications. The Board's expectations of the operators are as follows:

- An initial representative GOR test is to be conducted to establish eligibility for exemption under the appropriate heavy or conventional oil criterion.
- The GOR is to be applied to the oil production data on the S-1 Report to estimate gas production, and the resulting gas production estimate must be reported on the S-1 Report. Where group or battery GORs are obtained within the designated Oil Sands Areas, the GOR is to be applied to total bitumen production with the resulting gas estimate reported on the S-1 Report against the appropriate pseudo-well identifer.
- Tests are required to update the GOR at the frequency specified in accordance with the appropriate heavy or conventional oil criterion as well as immediately following any workover or alteration to the producing characteristics of the well.
- Consideration should be given to using positive displacement meters for conducting GOR tests at gas rates below 500 m^3/d. Where gas measurement is difficult because of very low rates or operational problems, the Board may accept GORs determined by alternative suitable means such as PVT analysis.
- The operator is required to retain records of the initial and update GOR tests for a 1-year period for verification by ERCB staff through field inspection, production audits, or proration well test verifications. ERCB Form S-16, Gas-Oil Ratio Test Report, is available to assist in retention of the appropriate information.

Existing sections 14.040 and 15.140(3) of the Oil and Gas Conservation Regulations will be amended to reflect these changes.

The Board stresses that exemption from gas measurement does not remove the operator's responsibility to ensure safe surface handling of the gas production. Where an operator chooses to remove process equipment designed to facilitate continuous measurement, ERCB regulations and policies pertaining to the venting or flaring of gas production must still be adhered to.

Pool-wide Exemptions

In situations where all or most of the wells within a pool would qualify for gas measurement exemption, the Board encourages the operator or operators within the pool to submit a joint application, under section 15.140(1) of the regulations, for exemption on a pool basis. These applications provide for an appropriate review of reservoir engineering-related matters, and are therefore still required. The Board's administration of Gas Exemption (GE) orders on a pool basis and submission of associated GOR updates remain unchanged by this informational letter.

Queries regarding this matter should be directed to the Board's Drilling and Production Department at 297-3553 or 297-8189, or the appropriate ERCB area office.

B. F. Bietz, Ph.D, P.Biol.
Board Member

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ERCB

Energy Resources Conservation Board
640 Fifth Avenue SW
Calgary, Alberta
Canada T2P 3G4

Informational Letter

IL 91-10

TO: All Oil, Gas, and Oil Sands Operators
All Drilling Contractors and Interested Parties

30 August 1991

REQUIREMENTS FOR ABANDONMENTS AND OTHER DRILLING AND COMPLETION OPERATIONS GUIDE G-20

The Energy Resources Conservation Board (Board or ERCB) is responsible for authorizing wellbore and zonal abandonments and plugback operations at wells. The Oil and Gas Conservation Regulations, section 3.010, require that the licensee apply for and obtain the permission of the Board before performing such operations. The Drilling and Completion Operations Guide is intended to provide industry with a comprehensive summary of the requirements for abandonments and other operations at wells.

Most of the information contained in this guide is reflective of policy and requirements that have been in force for a considerable period; however, there are some minor changes which are consistent with the Board's current philosophy with respect to well abandonments. Consequently, industry is encouraged to read the document thoroughly.

Copies of Guide G-20 are available at the ERCB's Information Services Section for a nominal fee of $10.

Questions or concerns regarding Guide G-20 should be directed to the following:

Completion matters: Supervisor of Completions 297-3554
Drilling matters: Supervisor of Drilling 297-8186.

J.R. Nichol

J. R. Nichol, P.Eng.
Manager
Drilling and Production Department

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ERCB

Energy Resources Conservation Board

640 Fifth Avenue SW
Calgary, Alberta
Canada T2P 3G4

SEP - 4 1991

Informational Letter

IL 91-11

To: All Oil and Gas Operators and Coal Operators

26 August 1991

COALBED METHANE REGULATION

SUMMARY

There is currently considerable interest in the evaluation of coalbed methane in Alberta. The Energy Resources Conservation Board (ERCB) and the Alberta Department of Energy (Energy) believe that some tests of Alberta coalbed methane production are necessary as a basis for long term regulatory policies. Furthermore, the ERCB and Energy propose that a task group be established to monitor coalbed methane development and recommend appropriate regulatory policies based on Alberta information. In the interim, the preliminary regulatory provisions outlined in the following will be applied, subject to revision when and as needed.

ALBERTA DATABASE

Little evaluation of Alberta coalbed methane has occurred to date. The ERCB and Energy believe that Alberta specific data is necessary as a basis to develop appropriate long term regulatory policies. It would therefore be helpful for a number of small scale production tests to proceed at this time.

FORMATION OF COALBED METHANE TASK GROUP

The ERCB and Energy will seek to establish a task group comprised of industry, government, and public representatives to monitor coalbed methane evaluation and development. The group would develop and recommend appropriate regulatory policies and practices to be applied in the future.

PRELIMINARY REGULATORY PROVISIONS

The ERCB and Energy consider coalbed methane to be a form of natural gas. As a result, all acts and regulations administered by the ERCB and Energy that pertain to natural gas also pertain to coalbed methane. Applicable legislation under the jurisdiction of the ERCB and Energy includes the Energy Resources Conservation Act, the Gas Resources Preservation Act, the Oil and Gas Conservation Act, the Mines and Minerals Act, and regulations related to these acts.

It appears that most ERCB and Energy practices and policies relating to the drilling and production of conventional gas reservoirs can be applied directly to coalbed methane. Some specific aspects of mineral leasing, drilling, completion and production of wells, data requirements, and experimental schemes are discussed in more detail in the following.

1 Crown Mineral Leases

The right to Crown natural gas is governed by the Mines and Minerals Act (Act). In the Act, natural gas and coal are treated as distinct substances and are leased separately. This principle recognizes that natural gas may exist in a variety of reservoir rocks, including coal seams. Energy does not consider a coal lessee as having any right to natural gas except in those cases where sections 65(2) and 92(5) of the Act have been invoked.

In Part 2 of the Act, which pertains to coal, section 65(2) states:

> "The Minister, on the recommendation of the Energy Resources Conservation Board that it is necessary to do so for safety or conservation reasons, may authorize the lessee of a coal lease to recover natural gas contained in a coal seam in the location of the coal lease."

In Part 5 of the Act, which pertains to petroleum and natural gas, section 92(5) states:

> "An agreement granting rights to which this Part applies does not grant the right to natural gas in a coal seam that the Minister has authorized the lessee of a coal lease to recover under section 65(2)."

When these two sections of the Act are invoked, section 65(2) would convey the natural gas rights within the coal seam to the coal lessee and section 92(5) would remove the natural gas rights within the coal seam from the natural gas rights lessee. Both sections of the Act would be administered in tandem and only in those instances where a coal mine operator had applied to the ERCB for the safety reasons specified, or the ERCB was of the opinion it was necessary for conservation reasons, and the ERCB recommended to the Minister that the legislation be applied.

Petroleum and natural gas agreements are continued pursuant to Part 5 of the Mines and Minerals Act. In order for an agreement to be continued, a lessee must demonstrate that the agreement is capable of producing petroleum or natural gas in paying quantity from a zone in the location of the agreement in which rights to that petroleum or natural gas are granted. Petroleum and natural gas agreements will not be continued based solely on the presence of coal.

2 Well Licensing

Applications for well licences must be in accordance with the requirements of ERCB Guide G-33, and state that the purpose of the well is to obtain coalbed methane production from one or more specified geological formations, as listed in the ERCB Table of Formations, Alberta. ERCB Informational Letter IL 82-1 sets out additional well licence application requirements in coal field areas. If desired, the ERCB could maintain and make available a list of wells targeting coalbed methane.

3 Surface Leases

Surface access and surface leases must be acquired from the Crown or private owners in the normal manner. Surface disturbance must be minimized in development and use of the lease. Issues of environmental and social impacts must be addressed and the concerns and objections of directly and adversely affected persons must be addressed as for any other gas well.

4 Well Spacing

Normal gas well spacing of one well per section applies, unless a change is approved under the Oil and Gas Conservation Regulations, section 4.030. The effects on gas recovery, equity, and surface impacts will be considered in any change.

5 Drilling and Completion

Use of standard drilling and servicing rigs, blowout prevention equipment, casing design, and cementing practices will be expected unless application for variance is approved. Such applications must be submitted prior to the filing of well licence applications for drilling, and prior to initial completion for servicing.

6 Production

Production facilities require ERCB approval in accordance with section 7.001 of the Oil and Gas Conservation Regulations. As with drilling, operators will be required to address all environmental and social impacts, and to address objections of directly and adversely affected persons. In particular, handling and disposal of the expected water production and possibly coal-fines need to be carefully planned, and appropriate approvals for disposal schemes obtained. Options for water disposal include treatment and release to the watershed, or subsurface disposal to a compatible formation.

The impact that coal seam dewatering may have on area ground water aquifers must be addressed before large scale water withdrawals commence from any coal seam. If the produced water is potable, there is a possibility that Ground Water Removal permits may be required by the Department of Environment under the Ground Water Development Act and the Water Resources Act.

7 Data Reporting Requirements and Confidentiality

All basic well data including drilling, completion, and production data must be submitted as for conventional oil and gas wells, and will be released as provided for in the applicable existing regulations. For wells classed as confidential under the Oil and Gas Conservation Regulations, section 12.150(1), basic data including logs, cores, samples, routine core analyses, pressure measurements, and flow tests are held confidential for 1 year from the finished drilling date of the well. Wells which are placed on production or designated as a part of a non-confidential pool may be released earlier.

For an interim period, the ERCB is prepared to classify all analyses of core and drill cuttings from wells drilled to evaluate coalbed methane potential as "non-routine" under the Oil and Gas Conservation Regulations section 11.040(2). All reports or measurements obtained from these core analyses and samples must be submitted to the ERCB within 6 months of the date of the analyses. These data will be held confidential for 1 year from the date of the analyses in accordance with section 12.150(5)(a) of the Oil and Gas Conservation Regulations.

To provide a basis for decisions regarding the handling and disposal of produced fluids, gas and water sample analyses must be submitted in accordance with the Oil and Gas Conservation Regulations, section 11.070.

For confidentiality beyond the limits described above, experimental schemes can be applied for as discussed in the following.

8 Experimental Schemes

It is expected that extended testing of initial evaluation wells may be required, and it may be appropriate for certain test data to be held confidential for a period of time. To provide for this, application may be made for experimental schemes, under which the results from flow tests during drilling and extended production tests after completion could be held confidential for a period of time. Certain additional information could also be considered for extended terms of confidentiality.

The ERCB believes that the confidentiality period should be limited to 2 to 3 years from the commencement date of an experimental scheme. This is based on a scenario in which drilling of a well and construction of test production facilities using conventional methods may require in the order of 6 months. Flow testing may require a few months to possibly a year. This would then allow a further 1 to 2-year confidentiality period to protect the investment involved in the pilot project.

Applications for experimental schemes must address the criteria set out in IL-OG 78-12 and must include at least the following information:

- purpose of the project
- requested term of approval
- information and data requested to be held confidential
- description of potential environmental impacts

Gas rates during the initial stages of production may be very low and gathering of the gas may not be justified. The ERCB would thus be prepared to consider allowing extended flaring of gas production, provided that no significant environmental damage occurs.

Coalbed methane experimental schemes will be listed in the ERCB's regular monthly listing of experimental schemes (Alberta Approved Projects, Monthly Supplement, ST "Year"-44) available to the public.

The ERCB and Energy believe that a number of evaluation projects will be undertaken in various parts of Alberta in the near future. These are expected to involve only a few wells and hence would likely have minimal environmental and social impacts.

9 Commercial Development

If a project extends to intensive exploration or commercial development and is an area with potentially conflicting land use, then the filing of an overall development plan may be required, particularly if reduced spacing is being contemplated and/or environmental and social impacts are likely to be significant. This issue will be further addressed by the proposed Task Group.

Additionally, although minimized surface disturbance and proper reclamation are expected in any scale of development, these matters will be of particular interest at the commercial development stage.

10 Crown Royalties

The approval of an experimental scheme by the ERCB does not in any way obligate Energy to grant any special royalty consideration.

Questions regarding this informational letter should be directed to Mr. Harold Keushnig of the ERCB's Gas Department at 297-8511 or to Mr. David Luff of the Department of Energy at 427-7749.

F. J. Mink
Vice Chairman
Energy Resources Conservation Board

M. F. Kanik
Deputy Minister
Department of Energy